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Central Intelligence Agency

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DIRECTORATE OF INTELLIGENCE

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China: Political Agenda for the New Leadership [redacted]

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Summary

China's leaders face formidable political tasks after the dismissal of Hu Yaobang. Deng Xiaoping and Premier Zhao Ziyang, who is now the Acting General Secretary of the Communist Party of China, will be the most prominent decisionmakers in the coming year, but competition for influence among various groups will be intense as China prepares for a party congress in October. We believe their first task will be sorting out new power relationships. Zhao will be working to consolidate his control of the party at the same time that party traditionalists, emboldened by recent events, try to reassert dominance. Deng's role will be pivotal, but we have few indications of his plans or of the extent to which his and Zhao's agendas may differ. [redacted]

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Three important decisions confront the leadership: the choice of a new premier, how to build new succession arrangements, and how to handle Hu Yaobang's numerous supporters in the party and government.

This memorandum was prepared by [redacted] Office of East Asian Analysis. Information available as of 24 February 1987 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Political Assessments Branch, China Division, OEA [redacted]

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Following practice, Deng probably will put tough policy choices aside while he works out personnel issues, and he may also cede the conservative wing some ground until he is satisfied with personnel arrangements. [REDACTED]

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We believe the most pressing policy concern of the leadership, especially of Zhao, will be to protect economic reforms already in practice. Major initiatives probably will be postponed until the political situation is less turbulent. Another concern is political reform, which we believe will be confined mainly to attempts to improve bureaucratic efficiency. In foreign policy, the leadership has demonstrated that it places a high priority on reassuring foreign countries that basic policies will not change as a result of Hu's fall. Finally, Beijing has to rebuild confidence in party stability and in the longevity of reform policies. [REDACTED]

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Sorting Out the Power Relationships

The dismissal of Party General Secretary Hu Yaobang and the selection of Premier Zhao Ziyang to replace him¹ will entail working out new relationships in both party and government circles, particularly given the tense circumstances under which the changes took place. We believe party traditionalists see Hu's downfall and the attendant realignments in the party hierarchy as an opportunity--perhaps their last--to regain lost influence and restrain the reforms. [REDACTED]

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We do not know what role Deng Xiaoping will play in working out the new arrangements, or what his strategy will be, although we believe Deng remains the top power broker and arbiter. Deng may have incurred debts in calling on the conservatives² of the Politburo and Central Advisory Commission to support his move against Hu. Deng thus may have to make concessions and depend on coalitions and dealmaking to a greater extent than he did six months ago. We do not believe that the traditionalists can force their preferences on Deng, but their influence may be greater, as well as their ability to constrain Deng's choices. [REDACTED]

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Another unknown is the degree to which Zhao's agenda may differ from Deng's. We believe that, even if Zhao's opinions diverge from Deng's, during the next few months Zhao will be careful to mute these differences and avoid disputes. Not only is

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² For the purposes of this paper we have treated the conservatives as a unified interest group, but it actually is an alliance of several disparate groups--ideologues, conservative economists, and some military leaders. In the past, such coalitions have proved fragile. However, it is possible that the various conservative groups, having suffered for their lack of cohesion and facing the deadline of the 13th Congress in October, may make more strenuous efforts to continue to act in concert. [REDACTED]

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Zhao's political style less confrontational than Hu's, the recent example of Hu's dismissal makes clear the risks of challenging Deng. [REDACTED]

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However, over the next year as the succession issue becomes more urgent, differences between Deng and Zhao may surface as Zhao begins moving to establish his post-Deng leadership lineup. Moreover, because Zhao seems positioned to become the successor to Deng's position of preeminence, Deng may over time become increasingly suspicious. We lack direct evidence, but some [REDACTED] have speculated that Deng, like many aging authoritarian leaders, will feel increasingly challenged as Zhao begins to assert his authority independently. [REDACTED]

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The Choice of a New Premier

The most visible indicator of the strength of competing forces will be the designation of a new premier. We expect this decision to be made within the next eight months before the party congress, although it possibly will not be announced until then. However, some evidence suggests the leadership, wishing to avoid further controversy following Hu's dismissal, may wait until 1988. To gain time to strengthen his own choice--Tian Jiyun--Zhao himself may wish to delay the decision, although there are costs to holding both top jobs. Because he will have the top political and economic slots, he will be vulnerable to criticism from rivals or opponents of reform. In addition, combining top party and government authority in one man runs counter to Deng's goal of separating party and government functions. [REDACTED]

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We can identify five candidates to succeed Zhao:³

- Wan Li, 71. Wan is the senior vice premier. He is a reform advocate, especially in economic areas, and was one of the architects of the successful agricultural reforms of the early 1980s. He is also respected by most conservatives and apparently has made few enemies. He would be a good compromise choice, but we believe Deng would still prefer some one younger who could be counted on to carry reforms forward. [REDACTED]
- Li Peng, 59. Vice Premier Li is probably the most conservative of the candidates. Because of Li's Soviet training and preference for central planning, we believe Zhao, a strong proponent of introducing market forces, opposes Li's elevation. His selection, therefore, would signal not only that Zhao lacks authority to enforce his preferences, but that the conservative wing has considerable clout. [REDACTED]
- Tian Jiyun, 57. Vice Premier Tian is a Zhao protege and well-known as an ardent champion of reform. He is a finance specialist, but currently has overall responsibility for managing the economy. We believe Tian is Zhao's first choice,

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but he is opposed by conservatives and by some moderates who believe he lacks political acumen and leadership qualities. [REDACTED]

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- Qiao Shi, 62. Qiao, the junior vice premier, also represents a compromise choice. Although he has close ties to Hu, he has been careful to cultivate conservatives as well. Qiao, whose responsibilities include the legal and security portfolios, handled last year's anticorruption campaign circumspectly, which [REDACTED] won him the respect--and gratitude--of many leaders. Qiao lacks economic experience; if he gets the job, we expect that either Zhao, from his party seat, or one of the vice premiers, would continue to be the chief executor of economic policy. [REDACTED]

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- Li Ruihuan, 53. Li Ruihuan (no relation to Li Peng) is mayor of Tianjin. He has recently emerged as a rumored candidate for the premiership. Li has a good record as city administrator and has won Deng's kudos for his firm handling of student protests in his city, according to Japanese press reports. However, Li may encounter resistance because of his weak educational background--Li was a carpenter who first rose to prominence as a labor leader and "model worker." Li is close to both Zhao and Hu, but we have little information on his political leanings. If he is chosen, we believe it would be because each of the other candidates is unacceptable to one of the key players, and that none of them has won Deng's strong support. [REDACTED]

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Other Personnel Issues

There are other personnel choices demanding attention as well--the Politburo Standing Committee currently has only two functioning members⁴ and will have to be reconstituted, and Deng will probably make some moves on the party **Military Affairs Commission (MAC)** soon. The appointment of a new MAC chairman or new members will be especially sensitive; a variety of evidence indicates that the MAC's refusal to accept Hu Yaobang--Deng's choice--as chairman contributed to Hu's fall. Deng may find his options in this area especially limited by what military elders are willing to accept. [REDACTED]

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These decisions, we believe, will be the focus of political contention for the next several months leading up to the party congress. Although he has connections to Yang Shangkun, the powerful MAC permanent vice chairman, Zhao has few other military ties and the choice of a new MAC chairman--or at least the appointment of a probable successor--will be especially important. Zhao will need a trustworthy man for that job

⁴ Of the five members of the Standing Committee, we believe only Zhao and Deng are fully active. After his disgrace, Hu Yaobang is probably no longer a participant in the committee's decisions. Chen Yun is [REDACTED] not active except on extraordinary occasions. President Li Xiannian appears to have withdrawn from activity--he has been out of Beijing for several months--for reasons that are not clear. [REDACTED]

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to help him manage the military if he wishes to succeed Deng. Although the choice of a new MAC chairman is one issue on which Deng and Zhao could conceivably diverge--because many of Deng's close military allies have no ties to Zhao and may consider themselves his equal in seniority and prestige--we believe Zhao is unlikely to challenge Deng on this issue. Zhao can probably work with any of Deng's likely choices.

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A somewhat different kind of personnel problem involves handling **Hu Yaobang's supporters** in the party and government. Hu was very successful at placing his people throughout the bureaucracy--in fact, one of the charges against him was that he monopolized patronage, according to a US Embassy source. Many of these appointees will be willing to switch allegiance, and some are now running for cover. However, we believe that there remains a sizable group of disaffected followers of Hu that could obstruct Zhao's consolidation of power and possibly even Deng's plans. In addition, because of their numbers and expertise, they are necessary to implementation of reform policy. Accordingly, Zhao will have to find a way to make at least a temporary accommodation with them. In his New Year's speech, Zhao suggested that he was willing to welcome those who would renounce their Hu-ist errors and join him.

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Complicating his task is the likelihood that many of Hu's proteges are now on **conservative hit lists**. Reformist leaders, especially Zhao and Deng, will need to decide whom to protect and what cost they are willing to incur in doing so. A test of Zhao's influence, and of the degree of conservative resurgence, will be the extent of purges of reformist officials who would probably support Zhao but are tainted by associations with Hu Yaobang. Conservatives have moved to displace a number of Hu appointees in several areas, including propaganda, personnel, and international party liaison offices. Deng's role will be critical on this issue, in our view. The depth of his debt to the conservatives will be indicated in part by how much of a purge he permits. Struggles over this issue may also disclose whether Hu's supporters are trying, out of loyalty or desperation, to mount any counterattack.

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The Succession

A major casualty of the last three months was Deng's attempt to craft his succession. We believe this had already begun to unravel, but Hu's ouster means all aspects of the succession are unresolved; virtually all the top posts--including the general secretaryship, in our judgment--are now up for grabs. If, as we believe, a major sticking point for Deng's plans was that he could not ease Hu out of the general secretaryship and over to the MAC chairmanship, he may in one sense have simplified his succession problems; but in our view the new complications outweigh the possible gains.

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Although Deng, who is 82, has frequently stressed having a succession generation in place before he dies, it is not clear whether he can put together a succession package. His original plan, we believe, was to skip a generation and install men in their 50s, reserving a kind of elder statesman role for those in their late 60s and 70s--which includes both Hu and Zhao. Deng was disappointed by his earlier picks and

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may now decide to back Zhao and other leaders of his age as his immediate successors, letting them choose the next generation. Or he may decide to stay on indefinitely and not set up a succession.

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On balance, we believe Deng will make his own choices and have his arrangements in place before he is gone. We doubt that Deng will retire. In our judgment, he will probably stay but try to position his chosen heirs to take over when he dies. If we are correct, tension between the apparent successors and Deng and other elders will persist.

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Zhao may well have his own agenda for the succession. He now holds what is formally the top job in China, and will probably be working to consolidate his position as Deng's successor as the top leader in fact as well as name. However, Hu's dismissal has cast doubt on the permanence of any succession arrangement brokered by Deng, and we believe that over the long term Zhao will face challenges from conservatives and reformers alike. His position as the apparent choice of Deng gives him advantages, of course, but also sets him up as a target. Zhao's immediate task is to establish his authority working under Deng's aegis, but, given Deng's age, he must also soon begin to build his own power bases--which may lead him into the same troubles Hu encountered.

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Political Reform--Dead in the Water?

The issue of "political structural reform," a vaguely defined set of changes in the political and legal spheres, was a principal point of contention between Deng and Hu, and between conservatives and reform activists. Deng, we believe, inaugurated a drive to promote political reform in the spring of 1986, but probably had much more modest changes in mind than students and intellectuals began pushing for in the fall. Deng and Zhao now face the decision of how to carry on this campaign. Zhao has given hints of the new line in a speech in which he declared that political reform was still on the agenda but stressed that such reform has narrow limits.

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In our judgment, the broad program of reforms discussed in the press last spring and summer⁵ is on hold indefinitely. Political reform under the new regime will probably be confined to efforts to improve the quality of party and government cadre and to cutting administrative redtape. Measures to reduce the party's role in day-to-day economic and administrative decisionmaking, originally a key part of the reforms, will probably still be proposed, but, we believe, will be harder to implement now. Official press stories indicate that the leadership intends to go forward with reforms to make local elections somewhat freer by permitting more candidates than there are seats, but any other moves toward democratization seem unlikely. Without a clear return to reformist policies by the leadership, these efforts will meet with only partial success, in

⁵ A number of articles during the spring and summer of 1986 called for radical changes in the political structure. Among the proposals were calls for free elections even for national leaders, for a true multiparty system; some articles even implied that Marxism was no longer an appropriate ideology for China.

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our judgment. Party authority is clearly ascendant now, and it will be a rare official or manager who will challenge the local party hierarchy. [REDACTED]

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The official media continues to extol democracy--in his New Year's speech, Zhao said that "socialist democracy" was still a goal--but the emphasis now is on setting clearer limits. We believe that one item for Zhao will be establishing the limits of permissible discussion of democracy while trying to convince the Chinese that there has been no policy reversal. [REDACTED]

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Protecting the Economic Reform Program

A key goal for both Deng and Zhao, we believe, will be saving the economic reforms already made. A growing conservative trend in economic policy is evident. Self-reliance, a shibboleth of the Maoist years, has surfaced again in the propaganda; political study sessions are being stepped up in factories and other workplaces. Price reforms slated for 1987 have been deferred, and even in agriculture, a reformist success story, there are signs of conservative resurgence. Many of these trends have roots in economic difficulties as well as in political infighting, and predate Hu's dismissal, but they add up to greater conservative influence on economic policy than we have seen for several years. Certainly Chinese at middle and lower levels will see the policy changes as conservative victories. [REDACTED]

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Zhao and other reformers are aware of the risks to the economic reforms, we believe, and have undertaken a damage limitation campaign. So far, their efforts appear to have been confined largely to speeches and articles, although the US Consulate in Shanghai reported evidence suggesting that Zhao has protected the staff of the Shanghai-based reformist journal World Economic Herald. Reformers may try to announce some new initiative, even if it is largely symbolic, to demonstrate that their program is alive. The recent announcement of regulations for factory management may have been intended in part to do this, though the regulations were drawn up and implementation was begun last year. [REDACTED]

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Reform leaders appear to have put reassuring foreign investors near the top of their agenda. Announcements that nothing would change for investors appeared within a few days of Hu's resignation. These protestations indicate that the leaders know fears of renewed instability might discourage some foreign investors. However, they may not be sufficiently aware of the more subtle threats; China is already a marginal investment prospect for many foreign businessmen, and renewed conservative strength would exacerbate that problem. Fear of innovation, unwillingness of factory managers to make decisions, the necessity to consult party committees at every turn, and time lost to political study sessions are all possible consequences that could further discourage investment. In our view, Zhao needs to send a strong signal that these risks have not been heightened. [REDACTED]

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Restoring Confidence

A crucial item on the political agenda will be to restore confidence in party stability and in the longevity of reform policies. Beyond the fact that Hu and his policies were popular with important segments of the population, the abrupt circumstances of his dismissal have awakened in many Chinese fears of instability, factionalism, and capricious policy reversal. [REDACTED]

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Not surprisingly, intellectuals—including college students—are particularly disheartened, according to a variety of evidence. We believe that Zhao and Deng agree that China needs the support of intellectuals in its modernization efforts, although Zhao may be willing to tolerate somewhat more diversity of opinion than Deng in order to encourage needed innovation. The leadership clearly perceives that it has lost ground with intellectuals. Moreover, Deng and Zhao seem to be acting firmly to prevent anti-intellectualism from getting out of hand as it did in the 1983 "spiritual pollution" campaign against Western influences. According to press information, Zhao has directed that only Beijing can approve the criticism by name of any intellectual, and that erring intellectuals should be educated, not attacked. We expect, however, that these attempts will do little to counter disillusionment among intellectuals in the renewed atmosphere of repression and rigidity. [REDACTED]

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Effects on Foreign Policy

We believe foreign policy played a secondary role in Hu's sacking, and doubt that it will be much affected in the short term. The Chinese leadership has given priority to reassuring the West and especially the United States that Beijing's policies will not change. Indeed, press reports and other accounts have claimed that one reason Hu was dropped was that he was pro-Soviet—one of Zhao's secretaries made this claim to a US diplomat the day of Hu's resignation. In our judgment, these claims represent efforts to deflect foreign concerns about Hu's dismissal and convince the United States and others that Hu was a threat to the open door policy. [REDACTED]

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Over the longer term, relations with the West might suffer if Zhao and other reformers are unable to limit conservative influence. Many of those associated with Hu were among the most active proponents of better relations with the West, whereas the conservative camp has many who believe China should pursue either a middle course between the West and the Soviet Bloc or try to go it alone—"self-reliance." A key indicator of trends in this area will be the makeup of the Politburo and Central Committee after the 13th Party Congress. We believe that as long as Deng is active China is unlikely to draw much closer to the Soviets, but power alignments established at the congress will affect what happens when Deng is gone. [REDACTED]

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Greater conservative influence implies greater tolerance for anti-Western ideas and a touting of the virtues of "Chineseness." These themes have appeared prominently in the press since December.

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Outlook for 1987

We expect the coming year to be politically tense, with the 13th Party Congress in October the focal point of attempts by all sides to influence personnel choices. The reformist coalition, under strain before Hu's resignation, will be even more severely tested. Splits between more moderate reformers willing to compromise with the conservative wing and the generally younger, more activist reformers may develop. Moreover, we believe there will be considerable competition within the reform camp for the seats on the top party bodies, possibly fueling tensions between former Hu associates and others, and complicating Zhao's task of holding the coalition together.

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It is also likely, in our judgment, that the traditionalists within the leadership will mount a strong effort to advance their position at the congress--assuming that the conservative coalition stays together. It is possible that new power relationships may not be worked out and the congress may turn out to be a nonevent, with few real changes being made in the top policy bodies and the period of infighting prolonged.

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We do not know what Deng's own plans for the congress are. Moreover, he may be limited by his ability to juggle the many decisions competing for his attention. In recent years, Deng has seemed to have trouble making decisions when faced with several problems at once and occasionally has made decisions that, we believe, he has later regretted. An example would be the 1983 spiritual pollution campaign.

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Deng halted the campaign when he realized that many party cadre had far exceeded his intentions and that the campaign was threatening his economic program.

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Faced with both personnel and policy questions, as he is now, Deng has generally preferred to settle personnel issues first and defer policy decisions. Under the present circumstances, he may prefer to cede some ground to the conservatives--for instance, in the propaganda field--while he maneuvers to place his choices in key spots. Thus, events at the congress will probably provide important pointers to Deng's intentions on the succession. His personnel choices should also provide clues to his policy plans.

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As for Zhao, he may have different personnel preferences from Deng's. But we doubt that he would be willing to challenge Deng at this stage, even if the differences are significant. As he has in the past, he would probably seek to put people sympathetic to his policies in secondary positions as vacancies occur, possibly also create some new organizations staffed with his supporters, and wait for a later opportunity to make top-level appointments. [REDACTED]

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